

# Time for a Job Guarantee

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The Covid-19 pandemic demonstrated that in times of crisis the tired nostrums of unbridled markets and hands-off governments simply don't work. Governments had to become actively involved in directing spending and investment to projects supporting their citizens, communities and the economy.

This change from noninterventionist to activist government produced a wealth of new thinking that seriously questioned entrenched ideas that had dominated economic policies over the last 40 years.

One such idea was NAIRU, (the non-accelerating inflation rate of unemployment) to control inflation with higher unemployment. Milton Friedman and Edmund Phelps, its main proponents, set NAIRU as the lowest unemployment rate at which inflation could remain stable. They cynically called it the 'natural' rate of unemployment as if it were not a paradigm of their design.

NAIRU pitted inflation as the greater public evil, affecting all members of society, against the unemployment of workers, who had inevitably to be made redundant. Profit-seeking businesses have used this theory to rationalize not only that there had to be always a certain percentage of people out of work but also the existence of an under-employed or underpaid workforce to stifle inflation.

This muddled thinking became a pillar of the emerging 'gig' economy justifying the precarity of many jobs. For [Pavlina Tcherneva](#) in her ground-breaking book, *The Case for a Job Guarantee*, NAIRU turned into one of the most fateful economic theories and unemployment into a virus, a mass contagion that spread from one affected community to the next. As unacceptable costs to society spread, she called out its pathological side-effects of crime, drug abuse, violence, family break up and others that have been profoundly damaging the social fabric.

## What is a Job Guarantee?

The post-pandemic recovery period offers a unique opportunity to boldly restructure the labour market in ways that would make job insecurity and poverty wages a past relic. The next decade will involve massive shifts in jobs and skills as we move away from extractive industries and toward more caring and green economy work. A universal jobs program could be closely aligned with such shifts and focus on supporting local communities to successfully make these transitions.

It would also ensure that the Canadian economy can both respond to the challenges of the global marketplace while also being embedded within local communities and help to achieve a socially desirable and just distribution of jobs and incomes for all Canadians.



Illustration by [Lily Padula](#) Longreads

There are tens of thousands of people who could be working but are not. A job guarantee would be designed to change this. But how? By a permanent, federally funded but locally administered program providing anyone willing to work with a job, full-time or part-time, that best suits their personal or family circumstances. Benefits and a living wage of at least \$20 an hour (Job Centre) would end the exploitation of the working poor. A job guarantee provides the best chance for those struggling with mental health or addictions, who need some accommodation and support, or who are transitioning and need to learn new skills. . Research found that employers prefer to hire people already employed.

A job guarantee is a job creation program and not an employability program that concentrates on education and training to increase the marketability of those out of work. Job Guarantees place people into actual jobs while creating the training and supports to enable them to succeed. Whether full-time or part-time, dependent on the needs of applicants and their local communities, they do not offer dead-end jobs but would allow people to acquire skills and work experiences that could serve as a bridge to better paying jobs in either the private or public sector. The actual number of these stepping-stone jobs required would vary with the boom-and-bust cycles of the economy.

### **Re-Imagining Full Employment: Where a Job Guarantee Program Fits In**

Providing work and supporting job transitions are important responsibilities of government. The Right to work represents a fundamental principle of the 1948 UN Universal Declaration of Human Rights. It affirms governments' responsibility to create the conditions for people to lead lives they value as members of a family and a community (Sen, 1999). Though a signatory, Canada has never achieved full employment.

Work is a defining feature of people's lives as they tend to identify themselves with their work. Also, job guarantees fit well into the value system of most Canadians. Respect for the dignity of work and wanting to be of service and contribute to the wellbeing of families and society are strongly imprinted in the Canadian psyche.

As we transition toward a caring and green economy, it is important that no one get left behind. A Jobs Guarantee program could readily be structured to play this role. This idea has come mainly from academic and political circles the United States including Bernie Sanders and Elizabeth Warren. But Canadians are familiar not only with the ideas but also have experience with its practice through the federal Local Initiative Programs (LIP) that existed from 1971-1977 as a protection against unemployment and in the interests of local communities. The time has come to create a re-imagined version of this approach – A Job Guarantee.